

WASHINGTON -(Dow Jones)- Sixty-two U.S. House Democrats this week urged House Financial Services Chairman Barney Frank to preserve a carve-out for auto dealers from new consumer rules in sweeping financial markets legislation as negotiators reconcile competing House and Senate bills.

Their push is evidence that the issue of whether auto dealers should be policed by a new consumer agency created by the bill remains unresolved as House and Senate lawmakers work to craft a final financial-overhaul bill. Lawmakers serving on the "conference committee" starting negotiating changes to a nearly 2,000-page bill this week, though they won't deal with the consumer protection agency until next week.

The House bill would exempt auto dealers from the watchdog's oversight, thanks to an amendment made in committee by **Rep. John Campbell (R., Calif.)**, himself a former auto dealer. But a majority of House Democrats serving on the conference committee voted against that amendment in committee, including Frank, who is leading House negotiators.

Moreover, the Senate bill didn't include the auto dealer exemption. The Senate did approve a motion to instruct Senate negotiators to add one in, but most of the Democrats on the Senate negotiating team opposed it, including Senate Banking Chairman Christopher Dodd (D., Conn.).

The numbers mean it could fall largely to Republican negotiators to champion the auto dealers cause.

In their letter, the group of House Democrats urged Frank to defend the exemption since it was part of the House-passed bill. "The House bill recognized that auto dealers are retailers who do not service, fund or underwrite auto loans, but merely facilitate financing to help their customers purchase a vehicle," the Democrats said.

Military groups, consumer advocates along with the Obama administration argue that consumers need the protection of a new watchdog against misleading and deceptive sales tactics that some auto dealers use